

# Calendar No. 370

108TH CONGRESS  
1ST SESSION

# S. 648

[Report No. 108–189]

To amend the Public Health Service Act with respect to health professions programs regarding the practice of pharmacy.

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## IN THE SENATE OF THE UNITED STATES

MARCH 18, 2003

Mr. REED (for himself, Mr. ENZI, Mr. JOHNSON, Mr. WARNER, Ms. LANDRIEU, Ms. COLLINS, Mr. INOUE, Mr. ROBERTS, Mr. LAUTENBERG, Mr. COCHRAN, Ms. MIKULSKI, and Ms. STABENOW) introduced the following bill; which was read twice and referred to the Committee on Health, Education, Labor, and Pensions

NOVEMBER 6, 2003

Reported by Mr. GREGG, with an amendment

[Strike out all after the enacting clause and insert the part printed in *italie*]

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## A BILL

To amend the Public Health Service Act with respect to health professions programs regarding the practice of pharmacy.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Pharmacy Education  
3 Aid Act of 2003”.

4 **SEC. 2. FINDINGS.**

5 Congress makes the following findings:

6 (1) Pharmacists are an important link in our  
7 Nation’s health care system. A critical shortage of  
8 pharmacists is threatening the ability of pharmacies  
9 to continue to provide important prescription related  
10 services.

11 (2) In the landmark report entitled “To Err is  
12 Human: Building a Safer Health System”, the Insti-  
13 tute of Medicine reported that medication errors can  
14 be partially attributed to factors that are indicative  
15 of a shortage of pharmacists (such as too many cus-  
16 tomers, numerous distractions, and staff shortages).

17 (3) Congress acknowledged in the Healthcare  
18 Research and Quality Act of 1999 (Public Law 106-  
19 129) a growing demand for pharmacists by requiring  
20 the Secretary of Health and Human Services to con-  
21 duct a study to determine whether there is a short-  
22 age of pharmacists in the United States and, if so,  
23 to what extent.

24 (4) As a result of Congress’ concern about how  
25 a shortage of pharmacists would impact the public  
26 health, the Secretary of Health and Human Services

1 published a report entitled “The Pharmacist Work-  
2 force: A Study in Supply and Demand for Phar-  
3 macists” in December of 2000.

4 (5) “The Pharmacist Workforce: A Study in  
5 Supply and Demand for Pharmacists” found that  
6 “While the overall supply of pharmacists has in-  
7 creased in the past decade, there has been an un-  
8 precedented demand for pharmacists and for phar-  
9 maceutical care services, which has not been met by  
10 the currently available supply” and that the “evi-  
11 dence clearly indicates the emergence of a shortage  
12 of pharmacists over the past two years”.

13 (6) The same study also found that “The fac-  
14 tors causing the current shortage are of a nature not  
15 likely to abate in the near future without funda-  
16 mental changes in pharmacy practice and edu-  
17 cation.” The study projects that the number of pre-  
18 scriptions filled by community pharmacists will in-  
19 crease by 20 percent by 2004. In contrast, the num-  
20 ber of community pharmacists is expected to in-  
21 crease by only 6 percent by 2005.

22 (7) The demand for pharmacists will increase  
23 as prescription drug use continues to grow.

1 **SEC. 3. HEALTH PROFESSIONS PROGRAM RELATED TO THE**  
 2 **PRACTICE OF PHARMACY.**

3 Part E of title VII of the Public Health Service Act  
 4 (42 U.S.C. 294n et seq.) is amended by adding at the end  
 5 the following:

6 **“Subpart 3—Pharmacy Workforce Development**

7 **“SEC. 781. LOAN REPAYMENT PROGRAM.**

8 “(a) IN GENERAL.—In the case of any individual—

9 “(1) who has received a baccalaureate degree in  
 10 pharmacy or a Doctor of Pharmacy degree from an  
 11 accredited program; and

12 “(2) who obtained an educational loan for phar-  
 13 macy education costs;

14 the Secretary may enter into an agreement with such indi-  
 15 vidual who agrees to serve as a full-time pharmacist for  
 16 a period of not less than 2 years at a health care facility  
 17 with a critical shortage of pharmacists, to make payments  
 18 in accordance with subsection (b), for and on behalf of  
 19 that individual, on the principal of and interest on any  
 20 loan of that individual described in paragraph (2) which  
 21 is outstanding on the date the individual begins such serv-  
 22 ice.

23 “(b) MANNER OF PAYMENTS.—

24 “(1) IN GENERAL.—The payments described in  
 25 subsection (a) may consist of payment, in accord-  
 26 ance with paragraph (2), on behalf of the individual

1 of the principal, interest, and related expenses on  
 2 government and commercial loans received by the in-  
 3 dividual regarding the undergraduate or graduate  
 4 education of the individual (or both), which loans  
 5 were made for—

6 “(A) tuition expenses;

7 “(B) all other reasonable educational ex-  
 8 penses, including fees, books, and laboratory ex-  
 9 penses, incurred by the individual; or

10 “(C) reasonable living expenses as deter-  
 11 mined by the Secretary.

12 “(2) PAYMENTS FOR YEARS SERVED.—

13 “(A) IN GENERAL.—For each year of obli-  
 14 gated service that an individual contracts to  
 15 serve under subsection (a)(3) the Secretary may  
 16 pay up to \$35,000 on behalf of the individual  
 17 for loans described in paragraph (1). In making  
 18 a determination of the amount to pay for a year  
 19 of such service by an individual, the Secretary  
 20 shall consider the extent to which each such de-  
 21 termination—

22 “(i) affects the ability of the Secretary  
 23 to maximize the number of agreements  
 24 that may be provided under this section

1 from the amounts appropriated for such  
2 agreements;

3 “(ii) provides an incentive to serve in  
4 areas with the greatest shortages of phar-  
5 macists; and

6 “(iii) provides an incentive with re-  
7 spect to the pharmacist involved remaining  
8 in the area and continuing to provide phar-  
9 macy services after the completion of the  
10 period of obligated service under agree-  
11 ment.

12 “(B) REPAYMENT SCHEDULE.—Any ar-  
13 rangement made by the Secretary for the mak-  
14 ing of loan repayments in accordance with this  
15 subsection shall provide that any repayments  
16 for a year of obligated service shall be made not  
17 later than the end of the fiscal year in which  
18 the individual completes such year of service.

19 “(3) TAX LIABILITY.—For the purpose of pro-  
20 viding reimbursements for tax liability resulting  
21 from payments under paragraph (2) on behalf of an  
22 individual—

23 “(A) the Secretary shall, in addition to  
24 such payments, make payments to the indi-  
25 vidual in an amount equal to 39 percent of the

1 total amount of loan repayments made for the  
 2 taxable year involved; and

3 “(B) may make such additional payments  
 4 as the Secretary determines to be appropriate  
 5 with respect to such purpose.

6 “(4) PAYMENT SCHEDULE.—The Secretary  
 7 may enter into an agreement with the holder of any  
 8 loan for which payments are made under this section  
 9 to establish a schedule for the making of such pay-  
 10 ments.

11 “(e) PREFERENCES.—In entering into agreements  
 12 under subsection (a), the Secretary shall give preference  
 13 to qualified applicants with the greatest financial need.

14 “(d) REPORTS.—

15 “(1) ANNUAL REPORT.—Not later than 18  
 16 months after the date of enactment of the Pharmacy  
 17 Education Aid Act, and annually thereafter, the Sec-  
 18 retary shall prepare and submit to Congress a report  
 19 describing the program carried out under this sec-  
 20 tion, including statements regarding—

21 “(A) the number of enrollees, loan repay-  
 22 ments, and recipients;

23 “(B) the number of graduates;

24 “(C) the amount of loan repayments made;

1           “(D) which educational institution the re-  
2           cipients attended;

3           “(E) the number and placement location of  
4           the loan repayment recipients at health care fa-  
5           cilities with a critical shortage of pharmacists;

6           “(F) the default rate and actions required;

7           “(G) the amount of outstanding default  
8           funds of the loan repayment program;

9           “(H) to the extent that it can be deter-  
10          mined, the reason for the default;

11          “(I) the demographics of the individuals  
12          participating in the loan repayment program;  
13          and

14          “(J) an evaluation of the overall costs and  
15          benefits of the program.

16          “(2) 5-YEAR REPORT.—Not later than 5 years  
17          after the date of enactment of the Pharmacy Edu-  
18          cation Aid Act, the Secretary shall prepare and sub-  
19          mit to Congress a report on how the program car-  
20          ried out under this section interacts with other Fed-  
21          eral loan repayment programs for pharmacists and  
22          determining the relative effectiveness of such pro-  
23          grams in increasing pharmacists practicing in areas  
24          with a critical shortage of pharmacists.

25          “(c) BREACH OF AGREEMENT.—



1           “(1) IN GENERAL.—In the case of any program  
 2           under this section under which an individual makes  
 3           an agreement to provide health services for a period  
 4           of time in accordance with such program in consid-  
 5           eration of receiving an award of Federal funds re-  
 6           garding education as a pharmacist (including an  
 7           award for the repayment of loans); the following ap-  
 8           plies if the agreement provides that this subsection  
 9           is applicable:

10           “(A) In the case of a program under this  
 11           section that makes an award of Federal funds  
 12           for attending an accredited program of phar-  
 13           macy (in this section referred to as a ‘pharmacy  
 14           program’); the individual is liable to the Fed-  
 15           eral Government for the amount of such award  
 16           (including amounts provided for expenses re-  
 17           lated to such attendance); and for interest on  
 18           such amount at the maximum legal prevailing  
 19           rate, if the individual—

20           “(i) fails to maintain an acceptable  
 21           level of academic standing in the pharmacy  
 22           program (as indicated by the program in  
 23           accordance with requirements established  
 24           by the Secretary);

1                   ~~“(ii) is dismissed from the pharmacy~~  
2                   ~~program for disciplinary reasons; or~~

3                   ~~“(iii) voluntarily terminates the phar-~~  
4                   ~~macy program.~~

5                   ~~“(B) The individual is liable to the Federal~~  
6                   ~~Government for the amount of such award (in-~~  
7                   ~~cluding amounts provided for expenses related~~  
8                   ~~to such attendance), and for interest on such~~  
9                   ~~amount at the maximum legal prevailing rate;~~  
10                  ~~if the individual fails to provide health services~~  
11                  ~~in accordance with the program under this sec-~~  
12                  ~~tion for the period of time applicable under the~~  
13                  ~~program.~~

14                  ~~“(2) WAIVER OR SUSPENSION OF LIABILITY.—~~  
15                  ~~In the case of an individual or health facility making~~  
16                  ~~an agreement for purposes of paragraph (1), the~~  
17                  ~~Secretary shall provide for the waiver or suspension~~  
18                  ~~of liability under such subsection if compliance by~~  
19                  ~~the individual or the health facility, as the case may~~  
20                  ~~be, with the agreements involved is impossible, or~~  
21                  ~~would involve extreme hardship to the individual or~~  
22                  ~~facility, and if enforcement of the agreements with~~  
23                  ~~respect to the individual or facility would be uncon-~~  
24                  ~~seionable.~~

1           ~~“(3) DATE CERTAIN FOR RECOVERY.—Subject~~  
 2           ~~to paragraph (2), any amount that the Federal Gov-~~  
 3           ~~ernment is entitled to recover under paragraph (1)~~  
 4           ~~shall be paid to the United States not later than the~~  
 5           ~~expiration of the 3-year period beginning on the date~~  
 6           ~~the United States becomes so entitled.~~

7           ~~“(4) AVAILABILITY.—Amounts recovered under~~  
 8           ~~paragraph (1) with respect to a program under this~~  
 9           ~~section shall be available for the purposes of such~~  
 10          ~~program, and shall remain available for such pur-~~  
 11          ~~poses until expended.~~

12          ~~“(f) DEFINITION.—In this section, the term ‘health~~  
 13          ~~care facility’ means an Indian Health Service health cen-~~  
 14          ~~ter, a Native Hawaiian health center, a hospital, a phar-~~  
 15          ~~macy, a Federal qualified health center, a rural health~~  
 16          ~~clinic, a nursing home, a home health agency, a hospice~~  
 17          ~~program, a public health clinic, a State or local depart-~~  
 18          ~~ment of public health, a skilled nursing facility, an ambu-~~  
 19          ~~latory surgical center, or any other facility determined ap-~~  
 20          ~~propriate by the Secretary.~~

21          ~~“(g) AUTHORIZATION OF APPROPRIATIONS.—For the~~  
 22          ~~purpose of payments under agreements entered into under~~  
 23          ~~subsection (a), there are authorized to be appropriated~~  
 24          ~~such sums as may be necessary for each of fiscal years~~  
 25          ~~2004 through 2008.~~

1 **~~“SEC. 782. PHARMACIST FACULTY LOAN PROGRAM.~~**

2       ~~“(a) ESTABLISHMENT.—The Secretary, acting~~  
 3 ~~through the Administrator of the Health Resources and~~  
 4 ~~Services Administration, may enter into an agreement~~  
 5 ~~with any school of pharmacy for the establishment and~~  
 6 ~~operation of a student loan fund in accordance with this~~  
 7 ~~section, to increase the number of qualified pharmacy fac-~~  
 8 ~~ulty.~~

9       ~~“(b) AGREEMENTS.—Each agreement entered into~~  
 10 ~~under subsection (a) shall—~~

11           ~~“(1) provide for the establishment of a student~~  
 12 ~~loan fund by the school involved;~~

13           ~~“(2) provide for deposit in the fund of—~~

14               ~~“(A) the Federal capital contributions to~~  
 15 ~~the fund;~~

16               ~~“(B) an amount equal to not less than~~  
 17 ~~one-ninth of such Federal capital contributions;~~  
 18 ~~contributed by such school;~~

19               ~~“(C) collections of principal and interest~~  
 20 ~~on loans made from the fund; and~~

21               ~~“(D) any other earnings of the fund;~~

22           ~~“(3) provide that the fund will be used only for~~  
 23 ~~loans to students of the school in accordance with~~  
 24 ~~subsection (c) and for costs of collection of such~~  
 25 ~~loans and interest thereon;~~

1           “(4) provide that loans may be made from such  
 2           fund only to students pursuing a full-time course of  
 3           study or, at the discretion of the Secretary, a part-  
 4           time course of study; and

5           “(5) contain such other provisions as are nec-  
 6           essary to protect the financial interests of the  
 7           United States.

8           “(e) LOAN PROVISIONS.—Loans from any student  
 9           loan fund established by a school pursuant to an agree-  
 10          ment under subsection (a) shall be made to an individual  
 11          on such terms and conditions as the school may determine;  
 12          except that—

13           “(1) such terms and conditions are subject to  
 14           any conditions, limitations, and requirements pre-  
 15           scribed by the Secretary;

16           “(2) in the case of any individual, the total of  
 17           the loans for any academic year made by schools of  
 18           pharmacy from loan funds established pursuant to  
 19           agreements under subsection (a) may not exceed  
 20           \$35,000, plus any amount determined by the Sec-  
 21           retary on an annual basis to reflect inflation;

22           “(3) an amount up to 85 percent of any such  
 23           loan (plus interest thereon) shall be canceled by the  
 24           school as follows:

1           ~~“(A) upon completion by the individual of~~  
2           ~~each of the first, second, and third year of full-~~  
3           ~~time employment, required by the loan agree-~~  
4           ~~ment entered into under this subsection, as a~~  
5           ~~faculty member in a school of pharmacy, the~~  
6           ~~school shall cancel 20 percent of the principle~~  
7           ~~of, and the interest on, the amount of such loan~~  
8           ~~unpaid on the first day of such employment;~~  
9           ~~and~~

10           ~~“(B) upon completion by the individual of~~  
11           ~~the fourth year of full-time employment, re-~~  
12           ~~quired by the loan agreement entered into~~  
13           ~~under this subsection, as a faculty member in~~  
14           ~~a school of pharmacy, the school shall cancel 25~~  
15           ~~percent of the principle of, and the interest on,~~  
16           ~~the amount of such loan unpaid on the first day~~  
17           ~~of such employment;~~

18           ~~“(4) such a loan may be used to pay the cost~~  
19           ~~of tuition, fees, books, laboratory expenses, and~~  
20           ~~other reasonable education expenses;~~

21           ~~“(5) such a loan shall be repayable in equal or~~  
22           ~~graduated periodic installments (with the right of~~  
23           ~~the borrower to accelerate repayment) over the 10-~~  
24           ~~year period that begins 9 months after the individual~~

1 ceases to pursue a course of study at a school of  
2 pharmacy; and

3 ~~“(6) such a loan shall—~~

4 ~~“(A) beginning on the date that is 3~~  
5 ~~months after the individual ceases to pursue a~~  
6 ~~course of study at a school of pharmacy; bear~~  
7 ~~interest on the unpaid balance of the loan at~~  
8 ~~the rate of 3 percent per annum; or~~

9 ~~“(B) subject to subsection (c), if the school~~  
10 ~~of pharmacy determines that the individual will~~  
11 ~~not complete such course of study or serve as~~  
12 ~~a faculty member as required under the loan~~  
13 ~~agreement under this subsection; bear interest~~  
14 ~~on the unpaid balance of the loan at the pre-~~  
15 ~~vailing market rate.~~

16 ~~“(d) PAYMENT OF PROPORTIONATE SHARE.—Where~~  
17 ~~all or any part of a loan, or interest, is canceled under~~  
18 ~~this section, the Secretary shall pay to the school an~~  
19 ~~amount equal to the school’s proportionate share of the~~  
20 ~~canceled portion, as determined by the Secretary.~~

21 ~~“(e) REVIEW BY SECRETARY.—At the request of the~~  
22 ~~individual involved, the Secretary may review any deter-~~  
23 ~~mination by a school of pharmacy under subsection~~  
24 ~~(c)(6)(B).~~

1       “(f) INFORMATION TECHNOLOGY.—The Secretary  
 2 may make awards of grants or contracts to qualifying  
 3 schools of pharmacy for the purpose of assisting such  
 4 schools in acquiring and installing computer-based sys-  
 5 tems to provide pharmaceutical education. Education pro-  
 6 vided through such systems may be graduate education,  
 7 professional education, or continuing education. The com-  
 8 puter-based systems may be designed to provide on-site  
 9 education, or education at remote sites (commonly re-  
 10 ferred to as distance learning), or both.

11       “(g) REQUIREMENT REGARDING EDUCATION IN  
 12 PRACTICE OF PHARMACY.—With respect to the school of  
 13 pharmacy involved, the Secretary shall ensure that pro-  
 14 grams and activities carried out with Federal funds pro-  
 15 vided under this section have the goal of educating stu-  
 16 dents to become licensed pharmacists, or the goal of pro-  
 17 viding for faculty to recruit, retain, and educate students  
 18 to become licensed pharmacists.

19       “(h) DEFINITIONS.—For purposes of this section:

20               “(1) SCHOOL OF PHARMACY.—the term ‘school  
 21 of pharmacy’ means a college or school of pharmacy  
 22 (as defined in section 799B) that, in providing clin-  
 23 ical experience for students, requires that the stu-  
 24 dents serve in a clinical rotation in which pharmacist



1 services (as defined in section ~~331(a)(3)(E)~~) are pro-  
 2 vided at or for—

3 “~~(A)~~ a medical facility that serves a sub-  
 4 stantial number of individuals who reside in or  
 5 are members of a medically underserved com-  
 6 munity (as so defined);

7 “~~(B)~~ an entity described in any of sub-  
 8 paragraphs ~~(A)~~ through ~~(L)~~ of section  
 9 ~~340B(a)(4)~~ (relating to the definition of covered  
 10 entity);

11 “~~(C)~~ a health care facility of the Depart-  
 12 ment of Veterans Affairs or of any of the  
 13 Armed Forces of the United States;

14 “~~(D)~~ a health care facility of the Bureau  
 15 of Prisons;

16 “~~(E)~~ a health care facility operated by, or  
 17 with funds received from, the Indian Health  
 18 Service; or

19 “~~(F)~~ a disproportionate share hospital  
 20 under section ~~1923~~ of the Social Security Act.

21 “~~(2)~~ PHARMACIST SERVICES.—The term ‘phar-  
 22 macist services’ includes drug therapy management  
 23 services furnished by a pharmacist, individually or  
 24 on behalf of a pharmacy provider, and such services  
 25 and supplies furnished incident to the pharmacist’s

1 drug therapy management services, that the phar-  
 2 macist is legally authorized to perform (in the State  
 3 in which the individual performs such services) in  
 4 accordance with State law (or the State regulatory  
 5 mechanism provided for by State law).

6 “(i) AUTHORIZATION OF APPROPRIATIONS.—For the  
 7 purpose of carrying out this section, there are authorized  
 8 to be appropriated such sums as may be necessary for  
 9 each of the fiscal years 2004 through 2008.”.

10 **SECTION 1. SHORT TITLE.**

11 *This Act may be cited as the “Pharmacy Education*  
 12 *Aid Act of 2003”.*

13 **SEC. 2. FINDINGS.**

14 *Congress makes the following findings:*

15 *(1) Pharmacists are an important link in our*  
 16 *Nation’s health care system. A critical shortage of*  
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 18 *to continue to provide important prescription related*  
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20 *(2) In the landmark report entitled “To Err is*  
 21 *Human: Building a Safer Health System”, the Insti-*  
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 24 *of a shortage of pharmacists (such as too many cus-*  
 25 *tomers, numerous distractions, and staff shortages).*

1           (3) Congress acknowledged in the Healthcare Re-  
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3       129) a growing demand for pharmacists by requiring  
4       the Secretary of Health and Human Services to con-  
5       duct a study to determine whether there is a shortage  
6       of pharmacists in the United States and, if so, to  
7       what extent.

8           (4) As a result of Congress’ concern about how  
9       a shortage of pharmacists would impact the public  
10      health, the Secretary of Health and Human Services  
11      published a report entitled “The Pharmacist Work-  
12      force: A Study in Supply and Demand for Phar-  
13      macists” in December of 2000.

14          (5) “The Pharmacist Workforce: A Study in  
15      Supply and Demand for Pharmacists” found that  
16      “While the overall supply of pharmacists has in-  
17      creased in the past decade, there has been an unprece-  
18      dented demand for pharmacists and for pharma-  
19      ceutical care services, which has not been met by the  
20      currently available supply” and that the “evidence  
21      clearly indicates the emergence of a shortage of phar-  
22      macists over the past two years”.

23          (6) The same study also found that “The factors  
24      causing the current shortage are of a nature not likely  
25      to abate in the near future without fundamental

1       *changes in pharmacy practice and education.” The*  
 2       *study projects that the number of prescriptions filled*  
 3       *by community pharmacists will increase by 20 per-*  
 4       *cent by 2004. In contrast, the number of community*  
 5       *pharmacists is expected to increase by only 6 percent*  
 6       *by 2005.*

7               *(7) Regarding access to pharmacy services in*  
 8       *rural areas, the study found that “Remoteness, isola-*  
 9       *tion from other professionals, lower economic returns,*  
 10       *reduced opportunities for advancement, and other*  
 11       *rural practice characteristics remain obstacles” to at-*  
 12       *tracting pharmacists.*

13               *(8) The demand for pharmacists will increase as*  
 14       *prescription drug use continues to grow.*

15   **SEC. 3. HEALTH PROFESSIONS PROGRAMS RELATED TO**  
 16       **THE PRACTICE OF PHARMACY.**

17       *Part E of title VII of the Public Health Service Act*  
 18       *(42 U.S.C. 294n et seq.) is amended by adding at the end*  
 19       *the following:*

20       **“Subpart 3—Pharmacy Workforce Development**

21       **“SEC. 781. LOAN REPAYMENT PROGRAM FOR PHARMACISTS**  
 22               **SERVING IN CRITICAL SHORTAGE FACILITIES.**

23       **“(a) IN GENERAL.—In the case of any individual—**

1           “(1) *who has received a baccalaureate degree in*  
2           *pharmacy or a Doctor of Pharmacy degree from an*  
3           *accredited program;*

4           “(2) *who obtained an educational loan for phar-*  
5           *macy education costs; and*

6           “(3) *who is licensed without restrictions in the*  
7           *State in which the designated health care facility is*  
8           *located;*

9           *the Secretary may enter into an agreement with such indi-*  
10          *vidual who agrees to serve as a full-time pharmacist for*  
11          *a period of not less than 2 years at a designated health*  
12          *care facility, to make payments in accordance with sub-*  
13          *section (b), for and on behalf of that individual, on the*  
14          *principal of and interest on any loan of that individual*  
15          *described in paragraph (2) which is outstanding on the date*  
16          *the individual begins such service.*

17          “(b) *MANNER OF PAYMENTS.—*

18                 “(1) *IN GENERAL.—The payments described in*  
19                 *subsection (a) may consist of payment, in accordance*  
20                 *with paragraph (2), on behalf of the individual of the*  
21                 *principal, interest, and related expenses on govern-*  
22                 *ment and commercial loans received by the individual*  
23                 *regarding the undergraduate or graduate education of*  
24                 *the individual (or both), which loans were made for—*

25                         “(A) *tuition expenses;*

1           “(B) all other reasonable educational ex-  
 2           penses, including fees, books, and laboratory ex-  
 3           penses, incurred by the individual; or

4           “(C) reasonable living expenses as deter-  
 5           mined by the Secretary.

6           “(2) PAYMENTS FOR YEARS SERVED.—

7           “(A) IN GENERAL.—For each year of obli-  
 8           gated service that an individual contracts to  
 9           serve under subsection (a) the Secretary may  
 10          pay up to \$35,000 on behalf of the individual for  
 11          loans described in paragraph (1). In making a  
 12          determination of the amount to pay for a year  
 13          of such service by an individual, the Secretary  
 14          shall consider the extent to which each such de-  
 15          termination—

16               “(i) affects the ability of the Secretary  
 17               to maximize the number of agreements that  
 18               may be provided under this section from the  
 19               amounts appropriated for such agreements;

20               “(ii) provides an incentive to serve in  
 21               areas with the greatest shortages of phar-  
 22               macists; and

23               “(iii) provides an incentive with re-  
 24               spect to the pharmacist involved remaining  
 25               in the area and continuing to provide phar-

1                    *macy services after the completion of the pe-*  
 2                    *riod of obligated service under agreement.*

3                    “(B) *REPAYMENT SCHEDULE.*—*Any ar-*  
 4                    *rangement made by the Secretary for the making*  
 5                    *of loan repayments in accordance with this sub-*  
 6                    *section shall provide that any repayments for a*  
 7                    *year of obligated service shall be made not later*  
 8                    *than the end of the fiscal year in which the indi-*  
 9                    *vidual completes such year of service.*

10                  “(3) *TAX LIABILITY.*—*For the purpose of pro-*  
 11                  *viding reimbursements for tax liability resulting from*  
 12                  *payments under paragraph (2) on behalf of an indi-*  
 13                  *vidual—*

14                  “(A) *the Secretary shall, in addition to such*  
 15                  *payments, make payments to the individual in*  
 16                  *an amount equal to 39 percent of the total*  
 17                  *amount of loan repayments made for the taxable*  
 18                  *year involved; and*

19                  “(B) *may make such additional payments*  
 20                  *as the Secretary determines to be appropriate*  
 21                  *with respect to such purpose.*

22                  “(4) *PAYMENT SCHEDULE.*—*The Secretary may*  
 23                  *enter into an agreement with the holder of any loan*  
 24                  *for which payments are made under this section to es-*  
 25                  *tablish a schedule for the making of such payments.*

1       “(c) *PREFERENCES.*—*In entering into agreements*  
 2 *under subsection (a), the Secretary shall give preference to*  
 3 *qualified applicants with the greatest financial need.*

4       “(d) *REPORTS.*—

5               “(1) *ANNUAL REPORT.*—*Not later than 18*  
 6 *months after the date of enactment of the Pharmacy*  
 7 *Education Aid Act, and annually thereafter, the Sec-*  
 8 *retary shall prepare and submit to Congress a report*  
 9 *describing the program carried out under this section,*  
 10 *including statements regarding—*

11                       “(A) *the number of applicants and contract*  
 12 *recipients;*

13                       “(B) *the amount of loan repayments made;*

14                       “(C) *which educational institution the re-*  
 15 *cipients attended;*

16                       “(D) *the number and practice locations of*  
 17 *the loan repayment recipients at health care fa-*  
 18 *cilities with a critical shortage of pharmacists;*

19                       “(E) *the default rate and actions required;*

20                       “(F) *the amount of outstanding default*  
 21 *funds of the loan repayment program;*

22                       “(G) *to the extent that it can be determined,*  
 23 *the reason for the default;*



1           “(H) the demographics of the individuals  
 2           participating in the loan repayment program;  
 3           and

4           “(I) an evaluation of the overall costs and  
 5           benefits of the program.

6           “(2) 5-YEAR REPORT.—Not later than 5 years  
 7           after the date of enactment of the Pharmacy Edu-  
 8           cation Aid Act, the Secretary shall prepare and sub-  
 9           mit to Congress a report on how the program carried  
 10          out under this section interacts with other Federal  
 11          loan repayment programs for pharmacists and deter-  
 12          mining the relative effectiveness of such programs in  
 13          increasing pharmacists practicing in underserved  
 14          areas.

15          “(e) APPLICATION OF CERTAIN PROVISIONS.—

16               “(1) IN GENERAL.—The provisions of section  
 17               338C, 338G, and 338I shall apply to the program es-  
 18               tablished under this section in the same manner and  
 19               to the same extent as such provisions apply to the Na-  
 20               tional Health Service Corps Loan Repayment Pro-  
 21               gram under subpart III of part D of title III, includ-  
 22               ing the applicability of provisions regarding reim-  
 23               bursements for increased tax liability and bank-  
 24               ruptcy.

1           “(2) *BREACH OF AGREEMENT.*—An individual  
2           who enters into an agreement under subsection (a)  
3           shall be liable to the Federal Government for the  
4           amount of the award under such agreement (includ-  
5           ing amounts provided for expenses related to such at-  
6           tendance), and for interest on such amount at the  
7           maximum legal prevailing rate, if the individual fails  
8           to provide health services in accordance with the pro-  
9           gram under this section for the period of time appli-  
10          cable under the program.

11          “(3) *WAIVER OR SUSPENSION OF LIABILITY.*—In  
12          the case of an individual or health facility making an  
13          agreement for purposes of subsection (a), the Sec-  
14          retary shall provide for the waiver or suspension of  
15          liability under paragraph (2) if compliance by the  
16          individual or the health facility, as the case may be,  
17          with the agreement involved is impossible, or would  
18          involve extreme hardship to the individual or facility,  
19          and if enforcement of the agreements with respect to  
20          the individual or facility would be unconscionable.

21          “(4) *DATE CERTAIN FOR RECOVERY.*—Subject to  
22          paragraph (3), any amount that the Federal Govern-  
23          ment is entitled to recover under paragraph (2) shall  
24          be paid to the United States not later than the expi-

“(5) *AVAILABILITY.*—Amounts recovered under paragraph (2) with respect to a program under this section shall be available for the purposes of such program, and shall remain available for such purposes until expended.

8           “(f) *DEFINITION.*—In this section, the term ‘health  
9   care facility’ means a facility with a critical shortage of  
10 pharmacists as determined by the Secretary.

11           “(g) *AUTHORIZATION OF APPROPRIATIONS.*—*For the*  
12 *purpose of payments under agreements entered into under*  
13 *subsection (a), there are authorized to be appropriated such*  
14 *sums as may be necessary for each of fiscal years 2004*  
15 *through 2008.*

16 “SEC. 782. *PHARMACY FACULTY LOAN REPAYMENT PRO-*  
17 *GRAM.*”

18       “(a) *ESTABLISHMENT OF PROGRAM.*—*The Secretary*  
19 *shall establish a program under which the Secretary will*  
20 *enter into contracts with individuals described in subsection*  
21 *(b) and such individuals will agree to serve as faculty mem-*  
22 *bers of schools of pharmacy in consideration of the Federal*  
23 *Government agreeing to pay, for each year of such service,*  
24 *not more than \$35,000 of the principal and interest of the*  
25 *educational loans of such individuals.*

1       “(b) *ELIGIBLE INDIVIDUALS.*—*An individual is de-*  
 2 *scribed in this subsection if such individual—*

3               “(1) *has a baccalaureate degree in pharmacy or*  
 4 *a Doctor of Pharmacy degree from an accredited pro-*  
 5 *gram; or*

6               “(2) *is enrolled as a full-time student—*

7                       “(A) *in an accredited pharmacy program;*  
 8 *and*

9                       “(B) *in the final year of a course of a study*  
 10 *or program, offered by such institution and ap-*  
 11 *proved by the Secretary, leading to a bacca-*  
 12 *laureate degree in pharmacy or a Doctor of*  
 13 *Pharmacy degree from such a school.*

14       “(c) *REQUIREMENTS REGARDING FACULTY POSI-*  
 15 *TIONS.*—*The Secretary may not enter into a contract under*  
 16 *subsection (a) unless—*

17               “(1) *the individual involved has entered into a*  
 18 *contract with a school of pharmacy to serve as a*  
 19 *member of the faculty of the school for not less than*  
 20 *2 years; and*

21               “(2) *the contract referred to in paragraph (1)*  
 22 *provides that—*

23                       “(A) *the school will, for each year for which*  
 24 *the individual will serve as a member of the fac-*  
 25 *ulty under contract with the school, make pay-*

1        *ments of the principal and interest due on the*  
 2        *educational loans of the individual for such year*  
 3        *in an amount equal to the amount of such pay-*  
 4        *ments made by the Secretary for the year;*

5                *“(B) the payments made by the school pur-*  
 6        *suant to subparagraph (A) on behalf of the indi-*  
 7        *vidual will be in addition to the compensation*  
 8        *that the individual would otherwise receive for*  
 9        *serving as a member of such faculty; and*

10               *“(C) the school, in making a determination*  
 11        *of the amount of compensation to be provided by*  
 12        *the school to the individual for serving as a*  
 13        *member of the faculty, will make the determina-*  
 14        *tion without regard to the amount of payments*  
 15        *made (or to be made) to the individual by the*  
 16        *Federal Government under subsection (a).*

17        *“(d) APPLICABILITY OF CERTAIN PROVISIONS.—The*  
 18        *provisions of sections 338C, 338G, and 338I shall apply*  
 19        *to the program established in subsection (a) to the same*  
 20        *extent and in the same manner as such provisions apply*  
 21        *to the National Health Service Corps Loan Repayment Pro-*  
 22        *gram established in subpart III of part D of title III, in-*  
 23        *cluding the applicability of provisions regarding reimburse-*  
 24        *ments for increased tax liability and regarding bankruptcy.*

1       “(e) *AUTHORIZATION OF APPROPRIATIONS.*—For the  
 2   purpose of carrying out this section, there are authorized  
 3   to be appropriated such sums as may be necessary for each  
 4   of fiscal years 2004 through 2008.

5   **“SEC. 783. DEFINITIONS.**

6       *“In this subpart:*

7               “(1) *SCHOOL OF PHARMACY.*—The term ‘school  
 8   of pharmacy’ means a college or school of pharmacy  
 9   (as defined in section 799B) that, in providing clin-  
 10   ical experience for students, requires that the students  
 11   serve in a clinical rotation in which pharmacist serv-  
 12   ices (as defined in section 331(a)(3)(E)) are provided  
 13   at or for—

14               “(A) a medical facility that serves a sub-  
 15   stantial number of individuals who reside in or  
 16   are members of a medically underserved commu-  
 17   nity (as so defined);

18               “(B) an entity described in any of subpara-  
 19   graphs (A) through (L) of section 340B(a)(4) (re-  
 20   lating to the definition of covered entity);

21               “(C) a health care facility of the Depart-  
 22   ment of Veterans Affairs or of any of the Armed  
 23   Forces of the United States;

24               “(D) a health care facility of the Bureau of  
 25   Prisons;

1                   “(E) a health care facility operated by, or  
 2                   with funds received from, the Indian Health  
 3                   Service; or

4                   “(F) a disproportionate share hospital  
 5                   under section 1923 of the Social Security Act.

6                   “(2) PHARMACIST SERVICES.—The term ‘phar-  
 7                   macist services’ includes drug therapy management  
 8                   services furnished by a pharmacist, individually or  
 9                   on behalf of a pharmacy provider, and such services  
 10                  and supplies furnished incident to the pharmacist’s  
 11                  drug therapy management services, that the phar-  
 12                  macist is legally authorized to perform (in the State  
 13                  in which the individual performs such services) in ac-  
 14                  cordance with State law (or the State regulatory  
 15                  mechanism provided for by State law).”.

**Calendar No. 370**

108TH CONGRESS  
1ST SESSION

**S. 648**

**[Report No. 108-189]**

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**A BILL**

To amend the Public Health Service Act with respect to health professions programs regarding the practice of pharmacy.

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NOVEMBER 6, 2003

Reported with an amendment